

Appendix A - Wisconsin Statutes

The administration of the Group Life Insurance program is governed by the Wisconsin Statutes. The following sections contain the major provisions.

A. Wis. Stats. § 40.03(6) Group insurance board. The group insurance board:

(a)1. Shall, on behalf of the state, enter into a contract or contracts with one or more insurers authorized to transact insurance business in this state for the purpose of providing the group insurance plans provided for by this chapter; or

2. May, wholly or partially in lieu of subd. 1., on behalf of the state, provide any group insurance plan on a self-insured basis in which case the group insurance board shall approve a written description setting forth the terms and conditions of the plan, and may contract directly with providers of hospital, medical or ancillary services to provide insured employees with the benefits provided under this chapter.

(b) May provide other group insurance plans for employees and their dependents and for annuitants and their dependents in addition to the group insurance plans specifically provided under this chapter. The terms of the group insurance under this paragraph shall be determined by contract, and shall provide that the employer is not liable for any obligations accruing from the operation of any group insurance plan under this paragraph except as agreed to by the employer.

(c) Shall not enter into any agreements to modify or expand group insurance coverage in a manner which conflicts with this chapter or rules of the department or materially affects the level of premiums required to be paid by the state or its employees, or the level of benefits to be provided, under any group insurance coverage. This restriction shall not be construed to prevent modifications required by law, prohibit the group insurance board from providing optional insurance coverages as alternatives to the standard insurance coverage when any excess of required premium over the premium for the standard coverage is paid by the employee or prohibit the group insurance board from providing other plans as authorized under par. (b).

(d) May take any action as trustees which is deemed advisable and not specifically prohibited or delegated to some other governmental agency, to carry out the purpose and intent of the group insurance plans provided under this chapter, including, but not limited to, provisions in the appropriate contracts relating to:

1. Eligibility of active and retired employees to participate, or providing the employee the opportunity to decline participation or to withdraw.
2. The payments by employees for group insurance.
3. Enrollment periods and the time group insurance coverage shall be effective.
4. The time that changes in coverage and premium payments shall take effect.
5. The terms and conditions of the insurance contract or contracts, including the amount of premium.
6. The date group insurance contracts shall be effective.
7. Establishment of reserves.

(e) Shall apportion all excess moneys becoming available to it through operation of the group insurance plans to reduce premium payments in following contract years or to establish reserves to stabilize costs in subsequent years. If it is determined that the excess became available due to favorable experience of specific groups of employers or specific employee groups, the apportionment may be made in a manner designated to benefit the specific employers or employee groups only, or to a greater extent than other employers and employee groups.

(f) Shall take prompt action to liquidate any actuarial or cash deficit which occurs in the accounts and reserves maintained in the fund for any group insurance benefit plan.

(g) Shall determine the amount of insurance and extent of coverage provided and amount of premiums required during a union service leave. The amount of insurance and extent of coverage shall be not less than that in effect immediately preceding the commencement of the union service leave.

(h) Shall, on behalf of the state, offer as provided in s. 40.55 long-term care insurance policies, subject to the following conditions:

1. For purposes of this paragraph only, pars. (a) 2., (b), (e), (f) and (g) do not apply.

2. For purposes of this section, the offering by the state of long-term health insurance policies shall constitute a group insurance plan under par. (a) 1.

(i) May accept timely appeals of determinations made by the department affecting any right or benefit under any group insurance plan provided for

under this chapter.

(j) May contract with the department of health and family services and may contract with other public or private entities for data collection and analysis services related to health maintenance organizations and insurance companies that provide health insurance to state employees.”

B. Wis. Stats. § 40.05(6) Life insurance premiums. For the life insurance coverage provided under subch. VI:

(a) Except as otherwise provided in accordance with a collective bargaining agreement under subch. I or V of ch. 111 or s. 230.12 or 233.10, each insured employee under the age of 70 and annuitant under the age of 65 shall pay for group life insurance coverage a sum, approved by the group insurance board, which shall not exceed 60 cents monthly for each \$1,000 of group life insurance, based upon the last amount of insurance in force during the month for which earnings are paid. The equivalent premium may be fixed by the group insurance board if the annual compensation is paid in other than 12 monthly installments.

(b) Beginning with the month in which an insured employee attains age 70 or an annuitant attains the age of 65, no withholdings from the employee's earnings or annuity may be made under this subsection.

(c) Beginning with the month in which an insured employee is retired on a disability annuity, and continuing as long as the annuity is not terminated, no further premium shall be required under this subsection for the retired insured employee. No premium is required under this subsection for an insured employee during a period of disability during which premiums are waived under the insurance contract.

(d) Except as provided under par. (c), the premium payment for any insured employee whose eligibility for continued coverage is based on s. 40.72 (4) shall be deducted from the appropriate annuity payroll as authorized by s. 40.08 (2), if the annuity is sufficient, or the employee may make direct payments to continue insurance coverage or the employee's employer may pay, on behalf of the employee, the premium payment according to procedures established by the department.

(e) Each employer shall contribute toward the payment of premiums under this section an amount which, together with the employee's contribution, will equal the gross monthly premium determined by the group insurance board for the employee's insurance and any employer may pay for all employees any part or all of the premium required to be paid by employees under par. (a). If an employer elects to pay the entire premium for all of its employees for one or more of the types of insurance coverage established under s. 40.03 (6) (b) or 40.70 (3), a resolution shall be filed with the department. Applications shall be filed and premiums paid for any eligible employees, including those not previously insured under coverage selected by the employer, effective the first day of the month following receipt of the resolution or the effective date of the election, whichever is later, and full payment of premiums for the employees shall be due the department pursuant to the contractual requirements between the group insurance board and the insurer. If an employer elects to pay the

entire premium for a portion of its employees, notice is not required and previously filed cancellations are not revoked.”

C. Wis. Stats. § 40.70 Life insurance coverage.

(1) Except as provided in sub. (11), each eligible employee of an employer shall be insured under the group life insurance plan provided under this subchapter if all of the following apply:

(a) The employer is a participating employer under the Wisconsin retirement system and was included in the group life insurance program by s. 40.20 (5m), 1979 stats., or the governing body of the employer has adopted a resolution in a form prescribed by the department to make coverage available to its employees or is the state. Coverage may also be extended by rule to employees under other retirement systems if the employer adopts a resolution as specified in this paragraph. A certified copy of the resolution shall be filed with the department and the resolution takes effect on the first day of the 4th month beginning after the date of filing. An employer may provide group life insurance for its employees through separate contracts in addition to, or in lieu of, the group life insurance provided by the department under this subchapter.

(b) The employee files with the department an application, to be effective on a date fixed by the department, for one or more of the types of coverage established under this subchapter. The group insurance board may provide a different method of enrollment than provided under this subsection.

(c) The employee pays the employee contribution toward the life insurance premium under s. 40.05 (6).

(2) A resolution adopted under sub. (1) (a) takes effect only if the department determines that at least 50% of the eligible employees of that employer will be covered at the time that the resolution is effective. The department's determination shall be based on the employer's prior year-end report of the number of employees participating in the Wisconsin retirement system or, if the employer was not a participating employer in the prior year, on the number of employees who, on or before the 15th day of the month immediately preceding the effective date of the resolution, have applied for group life insurance coverage under this subchapter. If the department nullifies a resolution based on insufficient participation, the employer may not file another resolution under sub. (1) (a) during the first 6 months after the date of the previous filing.

(3) Employers may adopt resolutions providing all the coverages provided under this subchapter or provided by contract or may identify in the resolution only specified coverages that are authorized by contract to be offered separately. Employees may file an application under sub. (1) (b) for the amount of coverage provided under s. 40.72 (1) and for any other coverage offered by their employer. The department shall determine the method of administration and the procedure for collection of premiums and employer costs.

(4)(a) The governing body of any employer may do any of the following:

1. Change the coverage that it makes available to its employees under s. 40.72 (2) or (3) by adopting an amended resolution and filing a certified copy of the amended resolution with the department.
2. Withdraw from making coverage under this subchapter available to its employees by adopting a withdrawal resolution and filing a certified copy of the withdrawal resolution with the department.
3. Nullify its amended resolution or withdrawal resolution at any time before it becomes effective by adopting a nullifying resolution and filing a certified copy of the nullifying resolution with the department.

(4)(b) Except as provided in sub. (5), amended resolutions and withdrawal resolutions take effect on the first day of the 4th month beginning after the date of filing. Nullifying resolutions take effect on the date of filing.

(c) If a withdrawal resolution becomes effective, the employer may not file another resolution under sub. (1) (a) during the first 12 months after the effective date of the withdrawal resolution.

(5) The department may accept or reject an amended resolution, or a resolution under sub. (1) (a) that is filed after the employer's withdrawal resolution becomes effective, and may charge the employer for any postretirement insurance liability.

(6) Except as provided in sub. (7m), any employee who has not applied for coverage under sub. (1) within 6 months after becoming eligible for coverage or any employee whose insurance terminates under sub. (8) shall not thereafter become insured for that coverage unless prior to the attainment of age 55 the employee furnishes evidence of insurability satisfactory to the insurer, at his or her own expense. If the evidence is approved, the employee shall become insured on the first day of the first month beginning after the approval.

(7m) If, as a result of employer error, an employee has not filed an application with the department as required under sub. (1) (b) or made premium contributions as required under sub. (1) (c) within 60 days after becoming eligible for group life insurance coverage, the employee is considered not to be insured for that coverage. The employee may become insured by filing a new application under sub. (1) (b) within 30 days after the employee receives from the employer written notice of the error. An employee is not required to furnish evidence of insurability to become insured under this subsection. An employee becomes insured under this subsection on the first day of the first month beginning after the date on which the employer receives the employee's

new application under sub. (1) (b).

(8) An insured employee may at any time cancel one or more of the types of life insurance coverage provided under this subchapter by filing a cancellation form with the employing office. The cancellation form shall be transmitted immediately to the department. The cancellation shall be effective and the insurance shall cease at the end of the calendar month which begins after the cancellation form is received by the appropriate office.

(9) The life insurance shall terminate as provided in the contract which shall also provide an option for an employee to convert insurance coverage upon termination of employment if covered by the insurance during the entire 6 months preceding termination or if covered by the insurance from the initial effective date for that employer, to the date of termination.

(10) The group insurance board may provide for the continuation or suspension of insurance coverage during any month in which no earnings are received during a leave of absence.

(11) An eligible state employee shall not be insured under the group life insurance provided under this subchapter if the employee elects insurance coverage with a county under s. 978.12 (6).”

Wis. Stats. 40.70 – ANNOT. History: 1981 c. 96; 1989 a. 13, 182; 1991 a. 152.

D. Wis. Stats. § 40.72 Life insurance benefits.

(1) Except as provided in sub. (2), (3), (3m), (8) or (10), the amount of group life insurance of an insured employee under age 70 shall be \$1,000 of insurance for each \$1,000 or part of \$1,000 of the employee's annual earnings during the prior calendar year, notwithstanding any limitation of amount that may otherwise be provided by law. For persons covered initially the earnings shall be a projection on an annual basis of the compensation at the time of coverage until the date determined by the group insurance board for establishing new annual amounts of insurance.

(2) Except as provided by sub. (3), the amount of life insurance for any insured eligible employee who is 70 years of age or older or insured retired eligible employee under sub. (4) who is 65 years of age or over shall be the amount as computed under sub. (1) reduced by 25% of that amount on each birthday of the employee commencing with the employee's 65th birthday, with a maximum reduction of 75%.

(3) The maximum reduction in the amount of insurance for any insured employee to whom this subsection applies by an election under s. 40.70 (3) and for any insured state employee shall be 50%.

(3m) The group insurance board may, by contract, limit the amount of group life insurance for any insured employee who becomes insured by electing coverage under s. 40.70 (6).

(4) The amount of life insurance for any insured employee who was either a participating employee before January 1, 1990, or who has been covered under the group life insurance plan in at least 5 calendar years after 1989, who terminates employment shall be the same as if the employee had not terminated employment and earnings had continued at the same amount as at the time of termination, except as provided in subs. (2) and (3) and s. 40.70 (3), if any of the following applies on the date of termination:

(a) The employee meets all of the requirements for receiving an immediate annuity except the filing of an application.

(b) The sum of the employee's creditable service on January 1, 1990, and the number of calendar years after 1989 in which the employee has been covered under the group life insurance plan equals at least 20 years.

(c) The employee's number of years of service with the participating employer by whom the employee was employed immediately before termination equals at least 20 years.

(4g) Any individual who became an employee of the state under chapter 90, laws of 1973, section 546, as affected by chapter 333, laws of 1973, section

189b, may use service as a member of the Milwaukee County employee's retirement system to meet any service requirements under this subchapter.

(4r) At any time after an insured employee's amount of life insurance is reduced under subs. (2) and (3) and life insurance premiums are no longer required under s. 40.05 (6) (b), the employee may convert the present value of the life insurance to pay the premiums for health or long-term care insurance provided under subch. IV, but only if the department determines that the value of the conversion is exempt from taxation under the internal revenue code.

(5) The amount of insurance specified under sub. (4) shall be adjusted when the person again becomes an employee of an employer participating in the group life insurance plan and while employed again the person shall pay premiums under s. 40.05 (6) for the insurance.

(6) The amount of insurance of an employee who retires on disability annuity shall be the same as if the employee had not retired and his or her earnings had continued in the same amount as at the time of his or her retirement, except as provided by subs. (2) and (3).

(7) During a period of disability in which premiums are waived under the terms of the insurance contract the amount of insurance shall be the same as if the employee had not become disabled and earnings had continued at the same amount as at the time of becoming disabled, and the contract may provide that the insurance continues during the continuance of the disability even if the person ceases to be an employee.

(8) The life insurance in effect during the previous year shall not be reduced during subsequent consecutive years of eligible employment with the same employer unless the employee elects to have the amount of life insurance recomputed under subs. (1) to (3) or cancels coverage. The election shall be made under procedures established by the department. This subsection is subject to the limitations of subs. (2) and (3).

(9) In addition to the insurance provided under sub. (1), insurance may be provided against accidental death and dismemberment as defined by the group insurance board in accordance with benefit schedules established by contract.

(10) Each insured state employee, and each insured employee to whom this subsection applies by an election under s. 40.70 (3), who is under 70 years of age, or 65 years of age if retired, shall be provided an amount of group life insurance in addition to that provided under sub. (1) equal to 100% of the employee's earnings rounded to the next higher \$1,000, if earnings are not in even \$1,000 increments. The employee may cancel, in accord with the procedures specified by s. 40.70, the amount of additional insurance provided under this subsection.